

Coral Power, L.L.C. Comments on the CEC  
Committee Draft Report  
INTEGRATED ENERGY POLICY REPORT: 2004 UPDATE, September 30, 2004

Coral Power, L.L.C. ("Coral") is pleased to present its comments to the California Energy Commission, Committee Draft Report, Integrated Energy Policy Report: 2004 Update.

Our comments address two of the three main report issues:

- transmission planning
- renewable energy development

We support a proactive transmission planning process, including advance identification of potential transmission corridors and advance procurement of right of ways, to allow for reasoned and managed development of adjacent land.

We support the CEC venue which provides for an integrated transmission planning approach, which includes both municipalities and IOU's, an aspect critical in the development of the Salton Sea Geothermal Resource Area.

We agree that current transmission planning tools understate strategic benefits of transmission lines, as demonstrated in Figures 3-1 and 3-2. This "insurance value," which can exceed 3 times the cost of the line, needs to be part of the calculation of the benefits of a transmission line.

We support the commission's goal to establish a Joint Transmission Study Group for the Imperial County geothermal resources. From the report recommendations (page 36):

- The Energy Commission and CPUC should establish a Joint Transmission Study Group for Imperial County's Known Geothermal Resource Areas with municipal and investor owned utilities, renewable developers, Department of State Parks & Recreation Department, and local and regional planning agencies.

We are concerned, however, with the piecemeal approach that IOU's take to interconnect generation stations, responding to individual generation interconnect requests, and missing larger regional issues associated with development of potential renewable resource areas such as the Tehachapi Wind Resource Area and the Salton Sea Geothermal Resource Area. We support the regional planning concepts identified by the CEC in the draft IEPR.

We support the CEC proposal to use tradable unbundled Renewable Energy Certificates (RECs) as the most efficient means to meet the state's renewable energy goals and allow smaller Load Serving Entities to meet RPS goals. We also support the WREGIS, or Western Renewable Energy Generation Information System for accounting for RECs.

Finally, we support a new transmission line from the Salton Sea area to the San Diego area, such as the proposed Imperial Valley-San Diego Expansion Plan ("ISEP") Transmission Line.

An ISEP line:

- Supports accelerated Renewable Portfolio Standard targets;
- Provides needed SDG&E grid reliability requirements;
- Provides access to renewable and economic energy supplies;
- Displaces expensive RMR contracts; and
- Provides considerable system contingency benefits to the transmission grid backbone.